

98

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Sub:- Private participation in power generation
Grant of concessions/incentive to private
enterpreneuers issue of orders - regarding.

PREAMBLE.-

In order to tackle the present power crisis and to sustain industrial development, agricultural and other activities, it is considered necessary to take urgent steps to ensure additional generation of power in the coming 3-4 years. To bridge the gap between demand and supply, there is an urgent need to encourage private participation in power generation, taking full advantage of the recent amendments to the Indian Electricity Act. To attract private enterpreneuers to invest in power sector in the State there is a need to offer some incentives. Besides, there is an urgent need to take up energy conservation measures and exploit the non-conventional energy delays and speed up clearance there is urgent need for the creation of an inter-departmental single window agency.

ORDER No. DE 97 PPC 92. Bangalore, Dated 8th June 1992

After careful consideration of all aspects of the matter, and in order to give a boost to power generation, particularly in private sector and for harnessing non-conventional energy sources, Government are pleased to order as follows:-

(1) Thermal plant at Mysore and Hospoet shall be promoted in the private sector with an initial capacity of 500 MW expandable to 1500 MWs. Private parties shall also be permitted to set-up thermal plants in any other suitable location of thier choice.

(2) The K.P.C.L. shall be permitted to take-up the V unit of R.T.P.S. With a capacity of 500 MW taking advantage of the infrastructural facilities already available with it. The K.P.C.L. shall take further steps to obtain Central Electricity Authority, clearance, coal linkage etc., expeditiously. If K.P.C.L. is unable to take up the project within a reasonable period, it shall be offered to a private party or shall be undertaken as a joint sector project between the K.P.C.L. and a private party.

3) A power project of 500 MW shall be promoted in private sector in or around Mangalore to meet the urgent requirements of several major industries coming up there.

7

(4) Large, medium, mini and micro Hydel Projects shall be promoted in private sector for utilising the vast hydel potential.

(5) The facility of Wheeling and Banking projects shall be permitted for private sector power units, which will be operated by making use T & D system of K.E.B. on payment of wheeling and banking charges, covering the existing and now thermal, hydel, wind, solar, diesel, agro-waste based or any other type of power generating units.

6) The wheeling and Banking charges payable to K.E.B. in the case of Mini/Micro hydels upto one MW and of wind and solar energy projects shall be 2% of the energy generated and transmitted. In the case of mini/micro hydels with a generating capacity between 1 and 3 MW, the wheeling and banking charges shall be 5% of the energy generated and transmitted. In other cases, the wheeling and banking charges shall be fixed at 10% of the energy and transmitted.

(7) To provide incentives for installation of captive power generating units put up by industrial units, reimbursement of Sales Tax on LSHS and furnace oil shall be given to such units for period of 5 years. This facility shall be available only to the new industrial units having captive power generating units. In the case of the existing industrial units, reimbursement of sales tax on diesel only consumed by their captive generating units shall be permitted for a period of 5 years from the date of installation of such captive units.

(8) The present package of incentives for private entrepreneurs who set up new industrial units in the State shall also be extended to the private entrepreneurs who set up power projects treating them as new industrial units for the purpose of extension of those incentives.

(9) Exemption of Electricity Tax on power generated for own consumption shall be granted in the case of new Industrial units for a period of five years, in order to provide adequate incentives for utilising the capacity of captive generating units set up by them.

(10) Henceforth, full scope for private participation in major hydel projects shall be allowed. Such projects shall be permitted exclusively in the private sector or as Joint Sector Ventures with the K.P.C.L. Such projects shall be permitted on a long lease basis for a period of 30 years, extendable by another 20 years at the discretion of the Government. The royalty for the water used for the generation of power shall be fixed by the State Government and revised at periodical intervals. Wheeling and Banking facility shall also be permitted to such power projects undertaken by private or joint sector parties.

97

36

The Karnataka Electricity (Taxation on Consumption) Rules, 1959. [1959 : KAR. ACT 14

11) Use of solar water heaters, particularly in industrial, commercial and domestic sector shall be encouraged. State subsidy shall also be granted to encourage such energy conservation measures.

12) With a view to expedite clearances from various departments of Government and to achieve proper co-ordination a committee under the chairmanship of the Chief Secretary shall be constituted with Secretaries to Government of the departments of Finance, Energy, Industry, Revenue, Forest and Environment, the Managing Director, K.P.C.L. and the Chairman, K.E.B., as members. This Committee shall serve as a single window Agency for clearance of power projects at the State level.

This order issues with a concurrence of Finance Department vide their U.O. Note No: FD 54 BGL 92, dated:19-5-1992.

By order and in the name of this
Governor of Karnataka

D. PUTTASWAMY
Joint Secretary to Government
Energy Department.



(11) Use of solar water heaters, particularly in industrial, commercial and domestic sector shall be encouraged. State subsidy shall also be granted to encourage such energy conservation measures.

(12) With a view to expedite clearances from various departments of Government and to secure proper coordination a committee under the chairmanship of the Chief Secretary shall be constituted with Secretaries to Government of the departments of Finance, Energy, Industry, Revenue, Forest and Environment, the Managing Director, K.P.C.I. and the Chairman, K.E.B. as members. This Committee shall serve as a single window Agency for clearance of power projects at the State level.

This order, made with a sanction of Finance Department vide the
U.O. No. F.D. 34 EOL 92, dated 19-2-1992

By order and in the name of the
Governor of Karnataka

B. PUTTASWAMI
Joint Secretary to Government
Energy Department

PROCEEDINGS OF THE GOVERNMENT OF KARNATAKA

Subject:- Private participation in power generation-grant of concessions/incentives to private entrepreneurs- Issue of orders - regarding.

85

- 00 -

PREAMBLE:-

In order to tackle the present power crisis and to sustain industrial development, agricultural and other activities, it is considered necessary to take urgent steps to ensure additional generation of power in the coming 3-4 years. To bridge the gap between demand and supply, there is an urgent need to encourage private participation in power generation, taking full advantage of the recent amendments to the I.E. Act. To attract private entrepreneurs to invest in power sector in the State there is a need to offer some incentives. Besides, there is an urgent need to take up energy conservation measures and exploit the non-conventional energy sources like Mini/Micro Hydel, wind and solar energy. To cut down delays and speed up clearance there is urgent need for the creation of an inter-departmental single window agency.

Order NO: DE 97 PIC 92, BANGALORE, DATED 8th JUNE 1992

After careful consideration of all aspects of the matter, and in order to give a boost to power generation, particularly in private sector and for harnessing non-conventional energy sources, Government are pleased to order as follows:-

- 1) Thermal plant at Mysore and Hospet shall be promoted in the private sector with an initial capacity of 500 MW expandable to 1500 MWs. Private parties shall also be promoted to set-up thermal plants in any other suitable location of their choice.
- 2) The K.P.C.L. shall be permitted to take-up the V unit of d.T.P.S. with a capacity of 500 MW taking advantage of the infrastructural facilities already available with it. The K.P.C.L. shall take further steps to obtain Central Electricity Authority, clearance, coal linkage etc., expeditiously. If K.P.C.L. is unable to take-up the project within a reasonable period, it shall be offered to a private party or shall be undertaken as a joint sector project between the K.P.C.L. and a private party.
- 3) A power project of 500 MW shall be promoted in private sector in or around Bangalore to meet the urgent requirements of several major industries coming up there.
- 4) Large, medium, mini and micro Hydel Projects shall be promoted in private sector for utilizing the vast hydel potential.
- 5) The facility of wheeling and banking arrangements shall be permitted for private sector power units, which will be operated by making use of T & D system of K.P.B. on payment of wheeling and banking charges, covering the existing and new thermal, hydel, wind, solar, diesel, agro-waste based or any other type of power generating units.

- 5) The wheeling and banking charges payable to K.E.B. in the case of mini/micro hydels upto one MW and of wind and solar energy projects shall be 2% of the energy generated and transmitted. In the case of mini/micro hydels with a generating capacity between 1 & 3 MW, the wheeling and banking charges shall be 5% of the energy generated and transmitted. In other cases, the wheeling and banking charges shall be fixed 10% of the energy and transmitted.
- 7) To provide incentives for installation of captive power generating units put-up by industrial units, reimbursement of Sales Tax on LSMS and furnace oil shall be given to such units for a period of 5 years. This facility shall be available only to the new industrial units having captive power generating units. In the case of the existing industrial units, reimbursement of sales tax on diesel only consumed by their captive generating units shall be permitted for a total period of 5 years from the date of installation of such captive units.
- 8) The present package of incentives to private entrepreneurs who set up new industrial units in the State shall also be extended to the private entrepreneurs who set-up power projects treating them as new industrial units for the purpose of extension of those incentives.
- 9) Exemption of Electricity Tax on power generated for own consumption shall be granted in the case of new industrial units for a period of five years, in order to provide adequate incentives for utilising the capacity of captive generating units set up by them.
- 10) Henceforth, full scope for private participation in major hydel projects shall be allowed. Such projects shall be permitted exclusively in the private sector or as joint sector ventures with the K.P.C.L. such projects shall be permitted on a long lease basis for a period of 30 years, extendable by another 20 years at the discretion of the Government. The royalty for the water used for the generation of power shall be fixed by the State Government and revised at periodical intervals. Wheeling and banking facility shall also be permitted to such power projects undertaken by private or Joint Sector parties.
- 11) Use of solar water heaters, particularly in industrial commercial and domestic sector shall be encouraged. State subsidy shall also be granted to encourage such energy conservation measures.
- 12) With a view to expedite clearances from various departments of Govt. and to achieve proper co-ordination a committee under the chairmanship of the Chief Secretary shall be constituted with Secretaries to Government of the departments of Finance, Energy, Industry, Revenue, Forest and Environment, the Managing Director, K.P.C.L. and the Chairman, K.E.B., as members. This Committee shall serve as a single window Agency for clearance of power projects at the State Level.

This order issues with a concurrence of Finance Department vide their U.O. No: FD 54 BGL 92 dt. 19.5.1992.

By order and In the Name of the
Governor of Karnataka.

Sd/-

(D. PUTTASWAMY)

JULIET S. GREGORY TO GOVERNOR
ENERGY DEPARTMENT.